THE CONFLICT BETWEEN PRIVATE MONOPOLY AND GOOD CITIZENSHIP

JOHN GRAHAM BROOKS

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The Weinstock Lectures on The Morals of Trade

THE CONFLICT BETWEEN PRIVATE MONOPOLY AND GOOD CITIZENSHIP. By John Graham Brooks.

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BY

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This series will contain essays by representative scholars and men of affairs dealing with the various phases of the moral law in its bearing on business life under the new economic order, first delivered at the University of California on the Weinstock foundation.

THE CONFLICT BETWEEN PRIVATE MONOPOLY AND GOOD CITIZENSHIP

For a special purpose, I have had occasion to examine with care the comments upon American life and institutions made by foreign critics during the period that extends from the later part of the eighteenth century up to the present time. If one puts aside the frivolous and ill-tempered studies and considers alone the fairer and more competent observers, the least pleasant of all the criticisms is that we are essentially a lawless people.

If the critic, like de Tocqueville and Miss Martineau, had sympathy and ad-

miration for us, the revealed lawlessness came as an astonishment, because it seemed to upset all sorts of pretty theories about democracy. The doctrinaires had worked out to perfection the idea that a people who could freely make and unmake their own laws would, for that plain reason, respect the laws. Of course, a people who had laws thrust upon them from above would hate them and disobey them. But a democracy would escape this temptation.

It was apparently an amusement of many of these writers to collect, as did the jaunty author of "Peter Simple" in his Diary, interminable pages from our own press to illustrate the general contempt for those laws which really inter-

fered with pleasures or economic interests. Harriet Martineau drove through Boston on the day when Garrison was being dragged through the streets. The flame of her indignation burned high; but it burned with new heat when she found that the very best of Boston culture and respectability would not lift a finger or pay a copper to have the law enforced in Mr. Garrison's favor. Beacon Street and Harvard professors told her that the victim was a disreputable agitator, richly deserving what he got. They seemed to think this English lady very cranky and unreasonable. The mob had the entire sympathy of the best people in the community, and that should satisfy her. De Tocqueville had

an awakening at a polling-booth in Pennsylvania that in the same way disturbed all his presuppositions about us.

It is not my purpose to bristle up and strike back at these critics of American behavior. Amid possible exaggeration, they are telling a great deal of truth about us. It is a truth that it has its own natural history. A long adventurous border-life was in some respects the great fact of the nineteenth century in moulding our national habits. A large part of the population lived under conditions where no appeal to legal restraints was possible. There were no courts, — no police. The whole constructive work of life was thrown so absolutely upon the man fighting his

life-battle alone, that excessive individualistic habits were formed. Every self-reliant instinct was developed until it became a law unto itself. They do not, says de Tocqueville of the Americans, ask help. They do not "appeal." They understand that everything rests with themselves. Every immigrant of those days had come from what Freeman calls "overgoverned" countries. They escaped from highly organized social constraints to have their fling on a continent as illimitable in extent as it was in the prizes which its natural resources offered. That such a large proportion of the strong lived this free border-life through the entire century has resulted in making a standard of individualistic

action almost dominant in the community.

There is, first, this natural history of extreme individualistic habits and of their reactions on our whole national life. There is, further, the almost universal concentration on wealth-production as a means of winning what average men most crave in this world. What the strong of any race work for is not, ultimately, money, it is social power. This power has many symbols in a monarchy. There are titles and decorations for which armies of able men will do hard public service for years. This same passion is as lively in the United States as in Germany, but we exclude the symbols. Wealth everywhere gives

power, but with us it is almost the only symbol that has wide and practical recognition. This passion, working in a vigorous people upon the resources which the United States offers, has intensified the competitive struggle in industry to a degree hitherto unknown in the world. This struggle has absorbed the thought and strength of the people to an extent without known parallel.

It is the magnitude and stress of this competition that have bent and subdued politics to business ends. The engendered business rivalries in this game develop qualities that are indifferent to laws.

The last ten years of investigation have disclosed one further reason for

heedlessness of law. The chances of promotion among the abler and more ambitious young men in the service of large concerns are known to depend on the fact of a good showing in their departments. Can they keep down expenses? Can they enlarge and maintain sales? These have been the supreme tests for rapid and sure promotion. When these are done, few questions are asked by manager or director. Among the largest interests in this country, and among all interests that have to do with franchises and legislation, skill to evade laws may have the highest value in a fight against competitors. A magnate recently accused of law-breaking denies it roundly, and it may be with honesty.

When the evidence of long-practiced frauds against the laws in his own business is produced, he insists that he never knew it. But he also turns on the light: "I do not ask my heads of departments *how* they succeed; it is enough for me that they do succeed." This explains, but does not excuse, the guilt.

I make no use here of theory. I am thinking of definite large business interests in which the evil will remain as common as it is inevitable so long as the business is unregulated and its shady practices concealed from public authorities and public opinion. In some of our huge concerns it is the traditional procedure to bring the various heads of departments together at regular intervals and pit them

against each other as if running a race for life. What is the showing that each can make against the other? Has this one cut down the cost of his product; has he reduced this or that item of expenditure; has he got the most out of the workmen under his charge; has he been able to dodge practical difficulties — legal, sanitary, or any other — that stood in his way?

In this relentless contest before their superiors, the foreman or agent learns that the one key to favor and advancement is that no other shall make a better showing. If he can safely get this superior result out of his labor group, that is one way; if he can reach his end by introducing children under age, or by any other questionable

device, the temptation is there in the subtlest form it can assume for the average man. When, recently, a swarm of sharp practices came out in another of the great concerns whose products reach half the homes of the nation, the man at the top doubtless told the truth when he replied: "In my position, it is not my business to know those details. I have no time except for the results sent in." Thus the president or director stands apart from and above this underworld of tolerated illegalities.

Here, then, are three reasons for lack of obedience to the law, — the long border struggle, the excessive concentration upon wealth-exploitation, and the ways through which successful subordinates are

rewarded in severely competitive industries.

But another, weightier reason must now be added, — namely, our private monopolies with their influence and reactions on our whole community life. In the earlier and looser stages of development, when vast resources still remain unappropriated, private monopoly may aid a city or a nation. At first no public protection of fish and game is necessary, but the pressure of population will eventually compel a common rule to which the individual must submit. As surely as a growing town sooner or later requires a common water-supply, a common drainage, common sanitary provisions, and regulated hack charges, just so surely will the private mo-

nopoly somewhere and at some time require strict social control, — that is, control from the point of view of all of us and not from that of a few money-makers. A generation ago the stripping of our forests did not matter vitally. The interests that were to suffer from this stripping had not appeared. To-day a forestry policy derived absolutely from the common, social point of view has become a necessity so commanding that the nation's attention is at last caught. A generation ago no one had even guessed at the franchise-value of our streets, — not even those of New York city. After Jacob Sharp had made these values known, a struggle began which reads like an Arabian tale. It is a story of business and political corruption that has

gone on in varying degrees in scores of our cities and in scores of great industries where strong men have been fighting to get control of mines, forests, lands, and oil, the development of which depended on favorable transportation. The carrying trade — whether of goods or people — is never to be omitted in this story. Until very recent years, this mother of monopolies, the railroad, was thought of as a purely private possession. A dozen years ago one of our ablest railroad lawyers (often before the United States Supreme Court with great cases) told me it had long been one of his intellectual amusements to try to force into the heads of railroad presidents the fact that their ownership of that kind of property was profoundly different from

the ownership of a horse or a grocery store. "I finally," he said, "had to give it up." It meant nothing to them that society had given them stupendous privileges which qualified their ownership. These franchise-grants once in their pockets, everything that was built upon them came to be used in any conceivable game to enrich the owner.

Properly informed persons no longer discuss whether it is right and moral to allow railroad magnates to do as they like — to act as if these properties were strictly a private possession. We know, at last, how society has suffered from leaving this form of ownership so long without social control. We have seen the devastating conflict between unregulated pos-

session of this kind of property and all the higher welfare of the community. If we add to the railway the common city monopolies of lighting and transportation; if we add industries in iron and steel, much of our mining, oil, and forest exploitation, all of which, in connection with railways, take on inevitably the form of monopoly, we have the whole buccaneer-group that has done upon our politics the deadly work, which we know so well that its retelling is a thing to avoid from very weariness.

Though a dozen other cities would serve as well, look for a moment at the monopoly of the New York street-railways. A people, careless and ignorant of their own interests, so far give away the

rights in their streets, that a few men get them into their possession. With the grip once fast upon this power, it becomes not a machinery primarily to serve the people: primarily it becomes an enginery to filch vast unearned increments from the public. It becomes a device for gambling, with the dice so heavily loaded in your favor that you cannot lose. You change power from one kind to another; you merge one line with another or with the whole; you create holding companies; and at every change you recapitalize. Your million dollars is turned into five or ten or twenty millions, in order that multiplied dividends taken from the public may drop into private pockets. Every bit of bookkeeping meant for the public eye is a mass of

jugglery. If you are frightened by the challenge of an indignant public, the most important records are destroyed. Surplus funds belonging to the stockholders are freely loaned to personal friends or put to private speculative ventures.

This shell-game has gone on decade after decade, so gayly that it seems as if it were a delight to the American people to have their pockets picked. And yet, let us say it over and over again, the pocket-picking is not the worst of it. That the people's money should be used to debauch their own chosen representatives in city and state legislatures is the uttermost evil. Part and parcel of the uttermost evil is the resulting suspicion and distrust that eat their way deep through

the masses of the wage-earning world. Not to mention their own trade papers, or the socialistic sheets with the scandals of high and low finance, wage-earners have only to read the capitalistic sheets, presidential messages, and summarized reports from scores of legislative committees, in order to believe that almost everything investigated — insurance, city traction companies, mining syndicates, railway finance — is heavy with rottenness. Any one interested enough to run through the files of the distinctively labor press at the present moment, will find a body of convinced opinion about those who control us industrially that has an extremely ugly look. The labor-world is drawing the only natural inference it can from the data given.

How often we have seen within a year or two the lament that the efficiency of labor has lessened in many of our great industries! What in Heaven's name can we expect? If that labor-world believes what is everywhere cried on the housetops about the crooked exploiting devices of these monopolies, why should not its interest and its fidelity fall off? The law of cause and effect will work here as it works elsewhere in the universe. Labor is learning that unfair industrial privilege flouts every essential principle of democratic government. The real iniquity of it is hidden from us until we see that secrecy, cunning, and unscrupulousness may be good pecuniary assets. Yes, this has to be plainly stated.

A man who should happen to have the people's interest really at heart could not be an active partner in the worst of these monopolies. The unscrupulous, the men bent upon the stock-watering game and their own immediate enrichment, would crowd the honest men to the wall. Every line of least resistance is with the get-rich-quick type of manager. To hold his power and to corrupt us politically; to appropriate continuous unearned increment through overcapitalization, he must work not for the public good, but largely against it. In most free competitive business there is no such inherent antagonism between private and public good.

The privileged monopoly is found not

only in the lighting and transportation combinations in cities like New York, Philadelphia, St. Louis, and Chicago: it is in a whole nest of industries — oil, mining, and timber — which are interknit with our railroad system.

Here is the real antagonism between monopoly and good citizenship. Anthracite coal is not a business apart — it is a railroad business; and if there are abuses, they cannot be corrected apart from railroad regulation. There is nothing that we now need to know so thoroughly as that the railroad is the one key to the control of all monopolies, including those that often last just long enough to gut the properties according to get-rich-quick principles. The waste of the pub-

lic wealth under this concentrated stimulus is the darkest economic fact, as the ugliest political fact is the corruption of officials and legislators. Think of a product so vital to the future as the forests; and then picture, if you can, the waste and despoiling of this strictly common wealth that has gone on, and still goes on, in connection with unregulated railroad affiliations, — properties, larger than several Eastern states, stolen, and then burned, and skinned, and devastated, so that two generations cannot repair the loss! And now by highest federal authority we are warned that our timber supply cannot last twenty-five years without a new controlling policy.

Yet it is not, of course, the monopoly

that is the evil. It is solely the way in which we have allowed the monopolies to be owned and controlled. We have admitted a kind of irresponsible proprietorship that has so debased political methods in the United States that we are made at the present moment (in this one respect) a warning to the world.

Last year a social investigator returned from New Zealand. He said: "I found their able men chiefly anxious to avoid the example of the United States. Their problem is to develop a rich and prosperous industrial life, but escape the rottenness of American politics. Whether they succeed or fail, their purpose is great." Their plan is to use the strength of the government to prevent the formation of

private monopolies such as have debauched our politics until we have become a mockery among the nations.

How long we ourselves have talked of political corruption as if it were separable from the privileged monopolies in business! That we now see this sorry partnership as it is, and are daily more and more aroused by it, and bent on its dissolution, is the surest sign of progress, as it is the surest sign that democracy need not fail.

Again and again we wonder how long it will require for the sovereign people to learn a lesson so simple. How many more facts or revelations do we need?

The other day a liberal theologian told me that he had been preaching some ele-

mental truths about a larger religious life. A sturdy old listener, who knew they were truths, but did n't quite like to adjust himself, said to the preacher: "I guess that's all true that you've been preaching; but — I don't more 'n half believe it."

We, too, know these truths about the monopolies; but we still hesitate, — we still act as if we did n't "more 'n half believe it." But if the monopoly as such is not an evil, — if the evil is the practice of political abuse by irresponsible private ownership, — what are our alternatives when the question of remedies is raised? Are we forced to the logic of the socialist, — that the city or state should take these monopolies out of the categories

of private property, owning and managing them directly for the people? The socialist tells us that these combined interests in transportation — mines, oil, timber, etc. — have become a power with which city and state cannot cope; that we are at the present moment governed by these monoply interests, and shall continue so to be governed until the state has absolute possession of them.

To this claim of the socialists, one reply is obvious. Every immediate political duty now before us is committed to the principle of regulation. For some years we are going to try that. We are not going to assume that mines, oil, timber, elevators, and our vast transportation system with its connecting monopolies, are all to

be taken under state proprietorship and managed as our postal system is now managed. For any future worth discussing, we are going to use our strength to regulate these monopolies in the public interest. In that decade when the people are at last convinced that these monopolies are more powerful than government; that we have no hope of curbing them into obedience before the law,— in that decade the cry will go up for government ownership on a scale far wider than that of railways and telegraphs.

At this point I do not wish to hedge or shuffle. That the younger of my hearers will see far more government and city ownership than we now have, seems to me so obvious that the discussion of it is

not even interesting. Our government must have an economic basis strong enough and broad enough to give it footing against all unfair private monopoly. But this degree of government ownership does not land us in Socialism. It may, indeed, protect us from every dangerous excess which Socialism carries with it.

When the German government secures a large mining property with the distinct understanding that, if necessary, it shall be worked in the public interest to break a private coal monopoly, we have an illustration of one step which our own government ought also to take. The object, in this case, is not to go into a new business, but to break monopoly power, actual or threatened. Or consider that brave

experiment station, New Zealand! Her Compulsory Arbitration may fail; she may be forced to an industrial pace slower than we like; but the main purpose of her social policy is sound to the core; and we are now trying clumsily to imitate it. Yet we are still afraid — we "don't more'n half believe it." Her purpose is to use the power of city and state in New Zealand to prevent the private fleecing of the people through monopoly. Whether it is her land policy or her insurance policy, the aim is to check at their source inherent monopoly abuses.

One is forever hearing that New Zealand is being given over hand and foot to Socialism. The only trouble with the statement is that it is not true. If you tax

a vast estate down there so that it must be cut into small holdings upon which some twenty times more people can live than lived on the private estate, and if this added population is encouraged to win more and more interest and profit-bearing forms of wealth, you have a situation in which the thoroughpaced socialists may be entirely out of the game.

The essence of the socialist's logic is, that all interest on money and all profits on goods made for the market (as well as all rent) are inherently vicious and anti-social so long as they drop into private pockets. There is no distinction between the greedy *abuses* of capitalism through organized privilege and the possible *uses* of capitalism under regulation.

But think of this issue as we may, we are as a fact now committed to regulation — committed to a long and hard struggle to bring monopoly evils under social control. This is now our situation and our problem.

Yet how easy it is to put these evils into phrases! How hard it is to relate ourselves to definite and effective proposals for the elimination of the evils! Such proposals have nevertheless been at last put before us with coherence and with deliberation. They have been put before the American people with a clearness which cannot be shirked without bad faith on our part. They have been brought within the sphere of practical politics, where their decision now waits upon the choice of the people as a whole.

This commanding policy for future as well as for present interests, for the entire people as well as for the few, has been stated in its integrity in two messages from President Roosevelt. Men may differ about the Philippines; about our military and naval ambition; about nature-fakirs and race-suicide; but about the ordered and constructive purpose to curb the abuses of our ill-regulated private monopolies, there should be no disagreement among sane and disinterested men. No one has ever yet shown genius enough to do disagreeable duties agreeably to all men. To the end of time, if we ourselves are inconvenienced, we shall probably say: "Of course this thing ought to be done, — but it should be done in some other

way." The various methods of railroad regulation may irritate us, but that the railroad must be brought so far under public control as to obey the law and serve all men with approximate fairness, no human being who is intellectually and morally awake can longer deny.

To begin this great task with the machinery of transportation was the first clear duty. Scarcely one of the gigantic abuses can be touched apart from these highways of distribution. We have but just waked up to the plain stupidity of giving away so recklessly all sorts of franchise grants, and are beginning to see the equal stupidity of parting madly with such an overwhelming part of the main and primary sources of wealth — mines, forests, water-power,

oil deposits, and ground areas in large towns. These are the sure nesting-places of monopoly, and therefore, of all the fantastic extremes of wealth which make puppets of our politicians and set before the youth of the nation snobbish and materialistic ideals. This policy, be it remembered, does not ask, as the socialists do, for all forests, all mines, or all the water-power. It asks that the hand of government control be kept firmly upon such portions of these resources as are susceptible to vicious monopoly. All this is possible along the lines of state regulation, without even raising the question of universal ownership. We have a chief executive who sees what the evils are and dares to face them. Yet the courage in-

volved is not his highest gift; but, rather, the intelligence with which he has so stated and grouped the issues as to give us a coherent administrative policy that works toward equality and not away from it.

To group those sources of monopoly that may still be saved; to show how this retention will fortify the government in its great struggle to regulate privileged capital, — is a service that should command the intellectual and moral sympathy of an entire people. It is a policy broadly public and social, as against any lower and partial interest. It is a policy for the whole and for the many, rather than for the monopoly-coddled few. It is a policy that looks to the future rather than to the possi-

ble dividends of the next six months. Not separable from it is the President's proposal to put upon these huge accretions a decent inheritance tax. He does not spoil his case by conventional or academic timidities. He does not ask this tax merely as a fiscal device, but as a measure that makes for more rational, social equalities. He asks it in order that the common wealth may grow larger and the top-heavy fortunes (the larger portion of which privilege has made) may be lessened for the common good. The fatuous outcry that this is to be opposed because it is "Socialism" will, of course, continue, although the most conservative governments in the world have long proclaimed it with such conspicuous success, from the

public point of view, that it is no longer questioned.

With jaunty prodigality we have scattered these primary sources of wealth precisely as we scattered transportation and other franchises upon which dangerous private monopolies were built. The kind of mistakes that have been made with the franchises, we have in this generation come to see clearly. In the teeth of extreme difficulties, we are trying to protect the public through legislative control of these corporations. We are learning the same lesson in our forestry. We have the lesson still to learn in remaining mines, oil-lands, water-powers, and phosphate-beds. Nothing in the statesmanship of President Roosevelt will more surely

win him laurels in the future than his pluck and consistency in forwarding this policy, which stands for the whole people and for the future. It is as serenely above party as it is above corporate or private interest.

The warring and balancing of sectional, partial, and immediate interests will always have their claims; but the next clearest step in civilization is to learn the political habit of acting also for the social whole. Social politics, so called, already has this character. The forestry legislation of Switzerland or Germany has its inspiration in the thought for the whole people and for future generations.

Many years ago I heard a discussion

in Germany among three art-teachers,—two of them with a world-wide fame,—that was as new to me as it was amazing. They seemed to agree that the art of the sculptor reached its height in the Age of Phidias; that never again would men give shape to figures fit to be put, let us say, beside the Elgin Marbles. As some nineteen centuries passed by, another art came to its finest flowering in the Italian Cinquecento, when Raphael, Da Vinci, and Michael Angelo added color to form. They agreed that never again would paintings be produced fit to be classed with the Sistine Madonna. Another two centuries passed, and the Bachs began the great music which these three modern artists thought of as the reigning art

of our time. Here came their question, "What is to be the next and coming art that shall compare with the Greek period, with the Cinquecento, and with modern music?" One thought it would be the theatre. He wrote, I believe, a pamphlet to prove this. I do not recall the guess of either of the others; but I venture to make my own guess.

Art is knowledge in its applications; and to apply our experience and our knowledge to the shaping of a higher social justice is also an art. It is an art already showing itself in the field of politics and social reconstruction; a politics, enriched and ennobled by ideals of citizenship, freed at last from that party machinery whose boss has been

the puppet of business men fighting for monopoly privilege. It will be a politics not for the few or the favored; not alone for the strong and successful; but a politics for the common weal, for the common and inclusive good of every citizen according to his good will and honest endeavor.

Here is a sphere for art as much nobler than that of sculptor or painter as the destinies of human life and society are higher than those of any inanimate object, even though carved by Phidias or painted by Raphael. It is, above all, an art that should touch by its inspiration the gallantry of the whole student class. The very breath of it is the shaping and directing of those conditions out of

which may emerge a society in which the spirit of justice and equal opportunity will be realized at least so far that it will be no longer a mockery among honest men.

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